

07 C 6528

**JUDGE ZAGEL
MAGISTRATE JUDGE DENLOW**

EXHIBIT B

SCANDAGLIA
&
RYAN

October 16, 2007

Via Federal Express

Raymond E. McElhaney
President and CEO
Blue Star Energy, Inc.
5525 Erindale Drive, Ste. 201
Colorado Springs, CO 80918

Re: Notice of Infringement of BlueStar Energy Services Service Mark

Dear Mr. McElhaney:

Scandaglia & Ryan represents BlueStar Energy Services, Inc. ("BlueStar Energy"). It has recently come to our attention that you are using our client's service mark BLUESTAR ENERGY without its authorization or permission and in violation of our client's rights. Specifically, you are using BlueStar Energy's service mark in connection with your corporate trade name, Blue Star Energy, Inc. We also understand that you are in the process of taking your company public.

BlueStar owns and has strong common law rights in and to the service marks BLUESTAR ENERGY and BLUESTAR ENERGY SERVICES. These marks are used in connection with our clients business, and they are used in connection with electricity and natural gas services, energy usage management and the brokerage of energy. As we understand it, your company owns, or will own, oil and natural gas wells and intends to produce and sell electricity as well. As such, the services provided by your company are substantially similar to the services provided by BlueStar Energy. Because the services are nearly identical, and because the service marks are exactly identical, your use of the service mark and trade name BLUE STAR ENERGY is in violation of our client's rights.

Our client considers the unauthorized use of the BLUE STAR ENERGY service mark and trade name, in any stream of commerce, as an infringement of its legally protectible service marks. Your use of the mark BLUE STAR ENERGY creates a likelihood of confusion as to the possible sponsorship or affiliation with our client, and therefore infringes upon our client's service marks and constitutes unfair competition in violation of state and federal laws.

55 E. Monroe
Suite 3930
Chicago, Illinois 60603
(312) 580-2020 phone
(312) 782-3806 fax
www.scandagliaryan.com

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As I am sure you understand, our client's marks are very valuable, and we must therefore ensure that they are protected. Indeed, since 2002, our client has devoted considerable expense and effort in establishing its marks. The BLUESTAR ENERGY and BLUESTAR ENERGY SERVICES service marks enjoy widespread fame, which inures to our client's enormous goodwill, and your use of the same mark dilutes the distinctive quality of our client's famous marks. Accordingly, in light of all of the foregoing concerns and in an effort to protect the rights of our client, we respectfully demand a written acknowledgement that you have ceased and will not resume any improper and unauthorized uses of the BLUE STAR ENERGY service mark or trade name. Simply put, we ask that you select another corporate name.

We ask that you give this matter your immediate attention, and ask that you respond by no later than noon on Wednesday, October 24, 2007. We appreciate your cooperation in this matter, and look forward to hearing from you promptly.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan Nicgorski", with a long horizontal flourish extending to the right.

Alan W. Nicgorski

AWN/akr

cc: David J. Babiarz, Esq. (*via Federal Express*)
John M. Casadont, Esq. (*via electronic mail*)